

## Message Text

CONFIDENTIAL

PAGE 01 JIDDA 06526 231230Z

46

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
----- 079315

P R 231113Z SEP 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 2483

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

USMISSION NATO

AMEMBASSY NEW DELHI

AMEMBASSY QUITO

AMEMBASSY PARIS

OECD PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

C O N F I D E N T I A L JIDDA 6526

EXDIS

E.O. 11652: GDS

TAGS: ENRG, SA, US

SUBJECT: OIL PRICES: FORTHCOMING OPEC MEETING

REF: A. JIDDA 6009; B. JIDDA 6135

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JIDDA 06526 231230Z

SUMMARY: SAUDI OIL MINISTER YAMANI BELIEVES SAUDI ARABIA'S EFFORTS TO HOLD THE LID ON OIL PRICES HAVE BEEN MODERATELY SUCCESSFUL. HE BELIEVES THE SEPT 24 OPEC MEETING WILL NOW RESULT IN AN INCREASE OF ONLY FIVE PERCENT. YAMANI MADE IT CLEAR THAT SAUDI ARABIA'S ROLE WAS NOT IN RESPONSE TO THE "NEW HARD LINE" OF THE U.S. ANY PREMATURE PUBLICATION OF THIS "DECISION" WOULD WEAKEN YAMANI'S POSITION AT THE VIENNA MEETING. DEPARTMENT SHOULD TAKE GREAT CARE THAT NO PRESS LEAKS OCCUR PRIOR TO OFFICIAL OPEC ANNOUNCEMENT AFTER THE MEETING. A PRIVATE LETTER OF THANKS FROM THE PRESIDENT TO THE KING WOULD THEN BE VERY MUCH APPRECIATED BY THE SAUDIS. END SUMMARY.

1. AHMED ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM, TOLD ME LAST NIGHT (SEPT 22) THAT OPEC, IN THE SEPTEMBER 24 MEETING, WOULD ACCEPT THE "SAUDI COMPROMISE," E.E. AN INCREASE IN OIL PRICES OF FIVE PERCENT; A FURTHER INCREASE OF FIVE PERCENT WOULD THEN BE AGREED UPON IN ADVANCE FOR THE DECEMBER MEETING. YAMANI SAID THERE WERE STILL THOSE IN THE SAUDI GOVERNMENT (HIMSELF INCLUDED) WHO WOULD HAVE PREFERRED TRYING TO HOLD THE LINE ON PRICES AT LEAST THROUGH THIS YEAR. BUT THE SAUDI CONSENSUS WAS THAT THEY WOULD PROBABLY GET NO SUPPORT FROM ANY OTHER OPEC COUNTRY AND NO ONE IN THE KINGDOM WANTED TO RISK THE DESTRUCTION OF THE ORGANIZATION.

2. YAMANI HAD STOPPED IN ALGIERS ON HIS RECENT TRIP TO WASHINGTON AND GOT ALGERIAN CONCURRENCE. WHILE IN WASHINGTON HE SAW THE VENEZUELAN MINISTER OF MINES AND HYDROCARBONS WHO ALSO AGREED, ALTHOUGH HE (THE VENEZUELAN) WOULD PREFER A TEN PERCENT INCREASE NOW AND NO INCREASE IN DECEMBER. YAMANI WENT TO BAGHDAD SEPTEMBER 21 AND "ALTHOUGH THEY PROTESTED, THEY WILL GO ALONG." HE THOUGHT THERE WAS NO DOUBT THAT THE GULF STATES WOULD FOLLOW THE SAUDI LEAD; AND "IT DOESN'T MATTER WHAT LIBYA DOES." THE IRANIANS, HE SAID, NOT RPT NOT THE SAUDIS WILL THEN BE ISOLATED AND "THEY, TOO, WILL NOT BE ABLE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JIDDA 06526 231230Z

TO RISK THE DESTRUCTION OF OPEC."

3. YAMANI THOUGHT THE SHAH MAY ALREADY HAVE MODIFIED HIS POSITION. VERY SHORTLY AFTER HIS MEETING WITH THE SHAH (REF B), HE SAID HE NOTED THAT THE IRANIAN AMBASSADOR IN WAQSHINGTON REFERRED TO THE POSSIBILITY OF A PRICE INCREASE OF ONLY FIVE OR TEN PERCENTZ.

4. YAMANI SAID HE HOPED THE CONSUMERS WOULD BE PLEASED WITH THE ROLE SAUDI ARABIA HAS TAKEN BUT HE CAUTIONED REPEATEDLY (AS HE HAD EARLIER - REF B) THAT THE UNITED STATES MUST NOT CONCLUDE THAT THE SAUDI ACTION HAS BEEN IN RESPONSE TO OUR "NEW HARD LINE" TOWARD THEM. THE SAUDI DECISION TO HOLD THE LID ON PRICES HAD BEEN TAKEN - IN THEIR PRIVATE ASSURANCES TO US AND IN THEIR PUBLIC STATEMENTS - BEFORE THE FIRST LEAKS APPEARED IN THE PRESS ON "GETTING TOUGH WITH SAUDI ARABIA." HE SAID THAT ANY PUBLIC CROWING ABOUT THE EFFECTIVENESS OF OUR "NEW HARD LINE" WOULD NOT RPT NOT ONLY BE WRONG BUT WOULD VERY LIKELY ENSURE SAUDI INABILITY TO HOLD THE LINE ON PRICES IN DECEMBER.

5. YAMANI SAID THAT IF IRAN AND OTHERS SUPPORT THE VENEZUELAN VARIATION (PARA 2), SAUDI ARABIA PROBABLY WOULD NOT OBJECT. I ASKED IF THERE WOULD NOT BE A DANGER THEN THAT OTHERS WOULD ARGUE IN DECEMBER THAT CIRCUMSTANCES HAD CHANGED AND THAT PRICES SHOULD, IN FACT, BE INCREASED. HE THOUGHT THIS WAS CERTAIN, BUT THOUGHT THEY WOULD FAIL, "UNLESS, OF COURSE, CIRCUMSTANCES HAVE CHANGED." BY THIS HE SAID HE MEANT A FAILURE OF THE CONSUMER/PRODUCER CONFERENCE OR MORE OVERT PRESSURE OR THREATS AGAINST SAUDI ARABIA.

6. COMMENT AND ACTION REQUESTED: YAMANI WAS CONFIDENT THAT THE SAUDI "COMPROMISE" WOULD BE ACCEPTED. THERE WAS NOTHING TENTATIVE IN THIS PREDICTION. IT IS, OF COURSE, EXTREMELY IMPORTANT THAT THERE BE NO LEAKS TO THE PRESS PRIOR TO THE OFFICIAL ANNOUNCEMENT FOLLOWING THE VIENNA OPEC MEETING. YAMANI MAY BE EXAGGERATING SAUDI INFLUENCE OVER OPEC, AND ANY PREMATURE PUBLICATION OF THE "DECISION" WOULD WEAKEN YAMANI'S POSITION

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JIDDA 06526 231230Z

THERE. ON THE OTHER HAND, YAMANI ALSO SAID IN THIS CONTEXT THAT HE HOPED "EVENTUALLY THE AMERICANS WILL UNDERSTAND WHO THEIR REAL FRIENDS ARE." IT WOULD NOT RPT NOT BE THE FIRST TIME HE HAS CAUTIONED US TO SECRECY AND THEN GIVEN THE STORY TO THE PRESS HIMSELF.

7. WHEN THE DECISION IS ANNOUNCED (ASSUMING IT IS IN FACT ONLY A FIVE PERCENT INCREASE), I STRONGLY URGE THAT WE NOT RPT REFER PUBLICLY TO ANY "TRIUMPH" OR ANY "RESULT OF OUR PRESSURE." IT IS NEITHER. I ALSO URGE THAT WE LIMIT OUR STATEMENTS TO A MILD "IT COULD HAVE BEEN WORSE" COUPLED WITH A REITERATION OF OUR EARLIER STATEMENTS THAT WE DO NOT RPT NOT BELIEVE ANY INCREASE WAS JUSTIFIED. A PRIVATE LETTER FROM THE

PRESIDENT TO THE KING THANKING HIM FOR HIS EFFORTS  
TO RESTRAIN PRICES WOULD, ON THE OTHER HAND, BE  
GREATLY APPRECIATED.  
AKINS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 SEP 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975JIDDA06526  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750329-0434  
**From:** JIDDA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750927/aaaaaxea.tel  
**Line Count:** 173  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** 75 JIDDA 6009, 75 JIDDA 6135  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2003 by BoyleJA>; APPROVED <22 OCT 2003 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OIL PRICES: FORTHCOMING OPEC MEETING  
**TAGS:** ENRG, SA, US, OPEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006